

# Trade and Investment: Driving Canada's Economy

In the 1990s, international trade and investment are of unparalleled importance to Canadians. Together, they are the engines that drive the Canadian economy and create jobs.

Almost 50 years of rules-based trade since the General Agreement on Tariffs and Trade (GATT) was created in 1947 have brought great benefits to Canada. A common set of international trade rules, applied effectively, is key to the stable expansion of business with other countries. Canada's economic well-being is inextricably linked to keeping foreign markets open in a fair and predictable fashion.

The result of more liberal — and more effective — trade rules in North America and globally are impressive, contributing to the dramatic expansion of Canada's trade in recent years.

From 1990 to 1995, Canada's merchandise exports rose from \$148.9 billion to \$263.7 billion. Exports of goods and services now account for 37 per cent of Gross Domestic Product, up from 26 per cent in 1992. International trade accounts for a greater share of GDP in Canada than in any other G-7 country.

Investment is also a force in

today's global economy. Since 1986, world investment flows have risen from close to US\$60 billion to US\$300 billion. The accumulated stock of foreign direct investment in Canada has nearly doubled, reaching \$168 billion in 1995. Investor confidence in Canada is at its highest level in 15 years with more and more international companies establishing operations across the country.

Through the Jobs Strategy, the federal government is working with provincial and municipal governments and the private sector to create a healthy

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## The WTO: Milestones in Global Trade

- October 30, 1947: *The General Agreement on Tariffs and Trade (GATT)*, containing tariff concessions and a set of rules preventing certain trade restrictions, was signed by 23 countries.
- January 1, 1948: The *GATT* was implemented.
- April to August 1949: Second Round of trade negotiations held in Annecy, France.
- September 1950 to April 1951: Third Round was held in Torquay, England. Four more countries joined the *GATT*.
- May 1956: Completion of the fourth Round held in Geneva, Switzerland, produced close to \$2.5 billion worth of tariff reductions.
- September 1960: The fifth Round, the *Dillon Round*, began in September and concluded in July 1962.
- 1961: *The Short-Term Arrangement*, covering cotton textiles, was implemented to improve cotton-producing countries' exports.
- May 1964: *The Kennedy Round* began in May.
- The Final Act was signed in June 1967 by 50 participating countries with concessions covering nearly \$40 billion worth of trade.
- September 1973: *The Tokyo Round*, the seventh Round, began and concluded in November 1979 with tariff reductions of more than \$300 billion worth of trade.
- January 1, 1974: *The Multifibre Arrangement (MFA)* was implemented to promote the expansion of trade in textile products.
- November 1982: Meeting of the *GATT* Ministers in Geneva led to the *Uruguay Round*.
- September 20, 1986: The eighth Round of trade negotiations, the *Uruguay Round*, covered trade in both goods and services.
- April 15, 1994: Ministers from 120 countries signed the Final Act, creating the *World Trade Organization (WTO)*. It oversees all new multi-lateral trade agreements on goods, services and intellectual property.
- January 1, 1995: The *WTO* was implemented.